



COMMONWEALTH OF MASSACHUSETTS

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GEOFFREY G. WHY
COMMISSIONER

MEMORANDUM

TO: DTC 10-5 Service List

FROM: Benedict G. Dobbs, Hearing Officer

DATE: June 4, 2012

RE: Verizon's Draft Request for Proposal for an Audit
Request for Comments
Performance Assurance Plan, D.T.C./D.T.E. 03-50

CC: Catrice Williams, Secretary
Paul Abbott, General Counsel
Karlen Reed, Director, Competition Division

On January 5, 2012, Verizon New England, Inc. d/b/a Verizon Massachusetts ("Verizon") filed with the Department of Telecommunications and Cable ("Department") a draft request for proposals ("RFP") concerning the next audit of the Performance Assurance Plan ("PAP"). On February 21, 2012, The Department issued a request for comments on the draft RFP. Having reviewed the draft RFP, and finding it satisfactory, the Department hereby approves the Draft RFP and instructs Verizon to proceed.

I. BACKGROUND

The PAP is a self-executing remedy plan designed to ensure that Verizon will provide quality wholesale services to competitive carriers by imposing penalties on itself for substandard performance. The Department instituted the annual audit requirement of Verizon's PAP in *Order Adopting Performance Assurance Plan, D.T.E. 99-271* (September 5, 2000) ("*Order Adopting PAP*"), establishing a requirement that Verizon's data generation and performance reporting under the PAP be audited on an annual basis. The Department revised the audit schedule from an annual audit to a triennial audit in 2006 (Letter Order dated April 24, 2006). The Department

required that the audits be performed by an independent auditor, selected by the Department through a competitive bidding process, and paid for by Verizon. The Department further required that Verizon consult with Department staff about the parameters of the bidding and selection process.

In a Letter Order issued on October 22, 2003, the Department addressed a request by certain competitive local exchange carriers (“CLECs”) that they be allowed to participate in subsequent audits. *Performance Assurance Plan, D.T.E. 99-271, Letter Order* (“October 2003 Letter Order”). The Department stated that it did not “see the need to allow CLECs to have procedural participation in the PAP audit. Because the purpose of the audit is to verify results, and the Department selects an independent third-party with expertise to conduct the audits, it is unnecessary to include the CLECs in the audit. However, CLEC suggestions for defining the scope of the audit may give the Department valuable insight.” *October 2003 Letter Order* at 5 n.4. Accordingly, the Department solicited and received comments from CLECs regarding Verizon’s draft RFP for the second audit of the PAP.¹ Similarly, the Department solicited and received comments regarding Verizon’s draft RFP for the third audit of the PAP, performed in 2008.²

On November 18, 2011, the Department issued an Order denying Verizon’s request to amend the PAP audit requirement to make it discretionary based on credible concerns of CLECs, and required Verizon to submit a draft request for proposals for bids on the next audit. Accordingly, the next PAP audit is to be conducted in 2012, covering the most recent twelve months of wholesale performance.

Verizon submitted its draft RFP for the next PAP audit on January 5, 2012. The Department anticipates the scope of this audit to be similar to the scope of prior PAP audits. On February 21, 2012, the Department issued a Request for Comments, with initial comments due March 6, 2012, and reply comments due March 13, 2012. The Department received no comments from any party on this matter.

II. DRAFT RFP PROCESS

After careful consideration by the Department, Verizon’s draft RFP is hereby approved. Verizon will proceed with issuance of the RFP, as filed with the Department, not later than June 22, 2012. The Department must receive a copy of each proposal submitted to Verizon in response to the RFP.³ The Department has sole authority for the selection of the auditor, giving due consideration to a recommendation from Verizon.⁴

For questions on this matter, please contact Benedict G. Dobbs, Hearing Officer, at 617-368-1140 or benedict.dobbs@state.ma.us.

¹ The Department stated that it would “remain the arbiter of the value of acting on any such comments” received. *October 2003 Letter Order* at 5 n.4.

² *Memorandum to DTC/DTE 03-50 Service List*, October 24, 2007

³ *See Draft RFP, Section 3.1.2*: “a copy of the proposal should also be submitted to Karlen.reed@state.ma.us.”

⁴ *Verizon Application for Entry into the In-Region InterLATA Telephone Market, D.T.E. 99-271, Order Adopting Performance Assurance Plan* (September 5, 2000).